

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - REGULAR SESSION JOINT APPROPRIATIONS SUBCOMMITTEE ON LONG RANGE PLANNING

Call to Order: By **CHAIRMAN MATT MCCANN**, on January 23, 2001 at 8:00 A.M., in Room 350 Capitol.

ROLL CALL

Members Present:

Rep. Matt McCann, Chairman (D)
Sen. Tom A. Beck (R)
Rep. Dave Kasten (R)
Sen. Bob Keenan, Vice Chairman (R)
Sen. Jon Tester (D)
Rep. Steve Vick (R)

Members Excused:

Members Absent: None.

Staff Present: Jane Hamman, OBPP
Andrea Hyatt, Committee Secretary
Brian McCullough, Legislative Branch
Christi Tyson, OBPP

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: HB 7, 1/18/2001
Executive Action:

HB 7

CHAIRMAN MCCANN opened the hearing. **Greg Mills, Department of Natural Resources and Conservation (DNRC)**, provided the updated agenda for today's meeting. **EXHIBIT(jlh18a01)**

CHAIRMAN MCCANN opened the hearing on the **DEVELOPMENT OF A TRUST FUND TO ENSURE LONG-TERM WATER TREATMENT AT ZORTMAN AND LANDUSKY, PROJECT NO. 3, PG. 9.**

{Tape : 1; Side : A; Approx. Time Counter : 18-487}

Proponents' Testimony:

Greg Mills, DNRC, reviewed the project and recommendation.

Curt Chisholm, Deputy Director, Department of Environmental Quality (DEQ), provided a handout entitled "Assurance Bond Schedule for Water Treatment Trust for the Zortman Mining Incorporated Facilities at Zortman/Landusky". **EXHIBIT(jlh18a02)** He described the history and future bonding plan.

Opponents' Testimony: None.

Questions from Committee Members and Responses:

SEN. TESTER questioned the bonding outcome, who owns the mine, who is the trustee. **Curt Chisholm** responded. The trustee is Kelv Buchanan, who takes over bankruptcy trusts. **SEN. BECK** questioned if the reclamation land was BLM land, the role the federal government and why is the State involved. **CHAIRMAN MCCANN** questioned the percentage that is BLM and private land. **Curt Chisholm** responded. **SEN. BECK** stated his belief that the federal government has some responsibility, **CHAIRMAN MCCANN** and **SEN. TESTER** agreed and stated their concern for the amount of funding needed to reclaim the site. **Curt Chisholm** provided some history and background in the past bonding program. **SEN. BECK** suggested that the committee request the EPA to give a presentation to the committee. **SEN. TESTER** requested that the BLM also do a presentation to the committee. **Wayne Jepson**, DEQ, provided contribution dollar amounts from the BLM and details. Discussion followed. **Brian McCullough** questioned what fees the trustee, Kelv Buchanan, charges. **Curt Chisholm**, responded that he receives a percentage of the bond proceeds, which is authorized by the Bankruptcy Court; once the reclamation is complete he has the option to sell the property, some of the equipment, some of the buildings, some of the real property and the mining claims. He is working on a proposal to sell the property to the State of Montana. **CHAIRMAN MCCANN** questioned what percent of bond proceeds does the trustee receive. **Wayne Jepson** responded that he does not receive bond receipts for Zortman/Landusky, but does receive funds from other Pegasus properties; approximately three percent. Discussion continued.

{Tape : 1; Side : B; Approx. Time Counter : 18}

Discussion continued.

CHAIRMAN MCCANN closed the hearing on the **DEVELOPMENT OF A TRUST FUND TO ENSURE LONG-TERM WATER TREATMENT AT ZORTMAN AND LANDUSKY, PROJECT NO. 3, PG. 9.**

CHAIRMAN MCCANN opened the hearing on the **PONY MILLSITE RECLAMATION PROJECT NO. 6, PG. 17.**

{Tape : 1; Side : B; Approx. Time Counter : 54}

Proponents' Testimony:

Greg Mills, DNRC, reviewed the project and recommendation.

John Koerth, DEQ, Mine Waste Clean-up Bureau, described the project, history and location. He provided a power point presentation.

Tom Elpel, representing the people of Pony, discussed the weed infestation.

Opponents' Testimony: None.

Questions from Committee Members and Responses:

SEN. BECK questioned the status of the wells and after this project, will it be the end of the clean-up. **SEN. TESTER** questioned how the contamination was created. **John Koerth** responded. **REP. KASTEN** questioned the mill levy for weed in Madison County and if there was BLM land contributions. **Tom Elpel** responded.

CHAIRMAN MCCANN closed the hearing on the **PONY MILLSITE RECLAMATION PROJECT NO. 6, PG. 17.**

CHAIRMAN MCCANN opened the hearing on the **ZORTMAN AND LANDUSKY MINES - ORGANIC SOIL AMENDMENTS, PROJECT NO. 20, PG. 56.**

{Tape : 1; Side : B; Approx. Time Counter : 287-478}

Proponents' Testimony:

Greg Mills, DNRC, reviewed the project and recommendation

Wayne Jepson, DEQ, gave a power point presentation showing the location, discussed the history and cost of the project. He also introduced **Patrick Plantenberg, DEQ, soils and vegetation specialist,** who would be available for questions.

Dean Stiffarm, Fort Belknap Tribes, environmental office, stated their support for the project.

Opponents' Testimony: None.

Questions from Committee Members and Responses:

REP. KASTEN questioned the type of vegetation prior to the mining. **Wayne Jepson** responded.

{Tape : 2; Side : A; Approx. Time Counter : 0}

Wayne Jepson continued his response.

CHAIRMAN MCCANN questioned what percentage of the Landusky Mine had been reclaimed. **REP. KASTEN** questioned the degree of the slope. **SEN. TESTER** questioned the soil mix and depth. **Wayne Jepson** responded. **REP. VICK** questioned how the soil mix is used. **Wayne Jepson and Patrick Plantenberg** responded. **REP. KASTEN** questioned who owned the property and does the Ft. Belknap Reservation have any commitment to the project. **Dean Stiffarm** responded. **SEN. TESTER** questioned if the reclamation plan for the Zortman Landusky mine is complete. **Wayne Jepson** responded explaining past plans, funding and timeframe. **Curt Chisholm** provided further history background and clarified the problems. Pegasus had agreed to perform some reclamation, but went bankrupt instead. **REP. KASTEN** suggested that reclamation needs to be re-defined and clarified. **SEN. TESTER** questioned the status of the leaching ponds and have they been monitored. **Wayne Jepson** responded. **CHAIRMAN MCCANN** questioned if there were other products that could be used besides sawdust. **Patrick Plantenberg** responded.

CHAIRMAN MCCANN closed the hearing on the **ZORTMAN AND LANDUSKY MINES - ORGANIC SOIL AMENDMENTS, PROJECT NO. 20, PG. 56.**

{Tape : 2; Side : A; Approx. Time Counter : 357}

CHAIRMAN MCCANN opened the hearing on the **ZORTMAN MINE - RUBY GULCH TAILINGS REMOVAL, PROJECT NO. 13, PG. 35.**

Proponents' Testimony:

Greg Mills, DNRC, reviewed the project and recommendation

Wayne Jepson, DEQ, provided a power point presentation showing the project. He discussed the history and the project.

{Tape : 2; Side : B; Approx. Time Counter : 23}

Wayne Jepson continued his power point presentation.

Dean Stiffarm, Fort Belknap Tribe Reservation, environmental office, spoke in support of the project.

Opponents' Testimony: None.

Questions from Committee Members and Responses:

SEN. TESTER questioned the growth of vegetation in the sawdust material. REP. VICK questioned the erosion and if the stream was seasonal flow. CHAIRMAN MCCANN questioned the contribution from the U. S. Corps of Engineers, drinking water, BLM land, and superfund status. Wayne Jepson and Vic Andersen, DEQ, Mine Waste Cleanup Bureau and administers State Superfund Program responded. CHAIRMAN MCCANN questioned the status of Zortman-Landusky with the Superfund. Vic Andersen responded. Curt Chisholm provided further information. REP. KASTEN stated his concern for the expense of the projects and the need for more information before making decisions. CHAIRMAN MCCANN stated that the committee will get more detail before making any decisions.

CHAIRMAN MCCANN closed the hearing on the ZORTMAN MINE - RUBY GULCH TAILINGS REMOVAL, PROJECT NO. 13, PG. 35.

{Tape : 2; Side : B; Approx. Time Counter : 358}

CHAIRMAN MCCANN opened the hearing on the GREAT REPUBLIC SMELTER (1999), Pg 47.

Proponents' Testimony:

Greg Mills, DNRC, referred to HB 7, Page 3 and the list of three projects totaling \$900,000.00 granted in 1999. DEQ requests, for the Great Republic, \$50,000.00 be approved for this site. The project is grouped with two other reauthorization projects, found on page 47. He explained further. Curt Chisholm provided further information. John Kirk, DEQ, Mine Waste Cleanup Bureau, discussed the project. Curt Chisholm, Deputy Director, Department of Environmental Quality (DEQ), explained the three projects funded through HB 7 during the 1999 session that were not initiated, leaving the \$900,000.00 to be reauthorized. In collaboration with DNRC, they recommended in HB 7 the three projects with unidentified mineral reclamation projects. They identified them as 1) organic soil amendment, 2) Ruby Gulch tailings, and 3) the Great Republic smelter. The next project is

the Coal Bed Methane EIS for \$250,000; which will make up the \$900,000.00.

{Tape : 3; Side : A; Approx. Time Counter : 0}

John Kirk continued his response.

Opponents' Testimony: None.

Questions from Committee Members and Responses:

CHAIRMAN MCCANN questioned why the funds were reverted. John Kirk responded. SEN. TESTER questioned the total funding for the organic soil amendment program. CHAIRMAN MCCANN questioned where the \$50,000.00 was going. Curt Chisholm responded.

CHAIRMAN MCCANN closed the hearing on the GREAT REPUBLIC SMELTER (1999), Pg 47.

{Tape : 3; Side : A; Approx. Time Counter : 45}

CHAIRMAN MCCANN opened the hearing on the COAL BED METHANE EIS, PROJECT NO. 22, Pg 61.

Proponents' Testimony:

Curt Chisholm, Deputy Director, DEQ, provided background information on the project.

Art Compton, DEQ, provided a power point presentation and explained the project.

Tom Richmond, Administrator and Program Engineer, Board of Oil and Gas Conservation, provided some history and information on the project.

Gail Abercrombie, Executive Director, Montana Petroleum Association, discussed the project and provided an analysis entitled "Coal Bed Methane Coordination Group". She also discussed the economy that would be brought in to Montana. **EXHIBIT (j1h18a03)**

Rebecca Watson, Redstone Gas Partners, resident of Powell County, attorney in Helena, spoke in support of this project discussed the gas and impact on the economy. She provided a handout entitled "Montana CBM - The Next Ten Years. **EXHIBIT (j1h18a04)**

Tom Ebzery, spoke on behalf of CMS from Denver, attorney in Billings, spoke in favor of the project.

Opponents' Testimony: None.

Questions from Committee Members and Responses:

REP. KASTEN questioned the EIS and the impact on the water from this project. **Rebecca Watson** stated she was one of the attorneys in the lawsuit that was filed against the Board of Gas to protect our interest and provided further details. **REP. KASTEN** questioned if there was a pipeline in Wyoming that was involved in this and one in Montana. **Gail Abercrombie** responded that the Williston Basin is involved. **REP. KASTEN** questioned if there has been permitting in Montana. **Tom Richmond** responded. **SEN. BECK** questioned how the Wyoming EIS was progressing. **Art Compton** responded and that all Wyoming EIS were done by the BLM and that Wyoming does not have an environmental policy act. **CHAIRMAN MCCANN** questioned the EIS & BLM for Montana. **Art Compton** responded.

NOTE: Skip to Tape 4 A; Tape 3 B is blank.

{Tape : 4; Side : A; Approx. Time Counter : 11}

CHAIRMAN MCCANN questioned why the industry does not contribute to the EIS. **Tom Richmond** and **Rebecca Watson** responded. Discussion followed.

CHAIRMAN MCCANN closed the hearing on the **COAL BED METHANE EIS, PROJECT NO. 22, Pg 61.**

{Tape : 4; Side : A; Approx. Time Counter : 186}

CHAIRMAN MCCANN opened the hearing on the **ZORTMAN AND LANDUSKY MINES - HIGHWALL REDUCTION PROGRAM, PROJECT NO. 21, PG. 58.**

Proponents' Testimony:

Greg Mills, DNRC, reviewed the project and recommendation.

Wayne Jepson, DEQ, provided a power point presentation showing the project.

Dean Stiffarm, Fort Belknap Tribe Reservation, environmental office, spoke in support of the project.

Opponents' Testimony: None.

Questions from Committee Members and Responses:

SEN. TESTER questioned the slopes after they have been blasted and how they would be revegetated. **REP. KASTEN** questioned the status of the public road that goes through the area. **Wayne Jepson** responded.

CHAIRMAN MCCANN closed the hearing on the **ZORTMAN AND LANDUSKY MINES - HIGHWALL REDUCTION PROGRAM, PROJECT NO. 21, PG. 58.**

{Tape : 4; Side : A; Approx. Time Counter : 446-448}

CHAIRMAN MCCANN opened the hearing on the **GREGORY MINE RECLAMATION PROJECT, PROJECT NO. 18, PG. 51.**

{Tape : 4; Side : B; Approx. Time Counter : 39}

Proponents' Testimony:

Greg Mills, DNRC, reviewed the project and recommendation.

Tom Mostad, DEQ, provided a power point presentation showing the project and providing the history of the project.

Opponents' Testimony: None.

Questions from Committee Members and Responses:

REP. KASTEN questioned matching funds. **Tom Mostad** responded.

CHAIRMAN MCCANN closed the hearing on the **GREGORY MINE RECLAMATION PROJECT, PROJECT NO. 18, PG. 51.**

CHAIRMAN MCCANN opened the hearing on the **FROHNER MINE RECLAMATION PROJECT, (1999).**

{Tape : 4; Side : B; Approx. Time Counter : 135}

Proponents' Testimony:

Curt Chisholm, DEQ, explained the project and the funding from the 1999 session.

Vic Andersen, DEQ, Mine Waste Cleanup Bureau and administers **State Superfund Program,** discussed the history and the project.

Opponents' Testimony: None.

Questions from Committee Members and Responses:

SEN. TESTER and REP. KASTEN questioned the funding and use. **CHAIRMAN MCCANN** reviewed the request: they are suggesting to fund the organic soil amendments, Ruby Gulch tailings, the Great Republic smelter and the EIS. In doing that, some of the past projects will not receive funding unless there is additional RIT dollars. Discussion followed.

CHAIRMAN MCCANN closed the hearing on the **FROHNER MINE RECLAMATION PROJECT, (1999)**.

{Tape : 4; Side : B; Approx. Time Counter : 216}

CHAIRMAN MCCANN opened the hearing on the **BROADWAY/VICTORIA MINE RECLAMATION PROJECT, PROJECT NO. 19, PG. 54.**

Proponents' Testimony:

Greg Mills, DNRC, reviewed the project and recommendation.

Tom Mostad, DEQ, provided a power point presentation showing the project and providing the history of the project.

Opponents' Testimony: None.

Questions from Committee Members and Responses:

CHAIRMAN MCCANN questioned the other funding source and will it finish the project. **Brian McCullough** questioned if there was a match rate. **Tom Mostad** responded. **Curt Chisholm** provided clarification of the projects and their priorities. He will also prepare information on the bonding revenues. **CHAIRMAN MCCANN** also requested they include the explanation of the different types of bonds.

CHAIRMAN MCCANN closed the hearing on the **BROADWAY/VICTORIA MINE RECLAMATION PROJECT, PROJECT NO. 19, PG. 54.**

{Tape : 4; Side : B; Approx. Time Counter : 393-474}

CHAIRMAN MCCANN opened the hearing on the **FLATHEAD COUNTY-AGGREGATE RESOURCES, PROJECT NO. 16, PG. 44**

Proponents' Testimony:

Eric Mulcahy, Planner, Flathead County, provided a five page handout of newspaper clippings and a fact sheet.

EXHIBIT(jlh18a05) He discussed the project and provided a visual presentation.

{Tape : 5; Side : A; Approx. Time Counter : 0}

Eric Mulcahy continued his testimony.

Opponents' Testimony: None.

Informational Testimony:

Steve Welch, Chief, DEQ, Industrial & Energy Minerals Bureau, his section is in charge of administering open pit mining. Spoke in favor of the project.

Dick Berg, Montana Bureau of Mines and Geology, discussed the impact of growth on mining and the importance of the information they will receive through this project.

Questions from Committee Members and Responses:

REP. KASTEN questioned if the process included public meetings and if the information would be shared with other communities.

Jane Hamman questioned that the GIS would be part of the 56 counties all cooperating in the State's GIS database. Eric Mulcahy responded. CHAIRMAN MCCANN questioned the sharing of the mapping. John Tubbs responded.

CHAIRMAN MCCANN closed the hearing on the **FLATHEAD COUNTY-AGGREGATE RESOURCES, PROJECT NO. 16, PG. 44**

{Tape : 5; Side : A; Approx. Time Counter : 110}

CHAIRMAN MCCANN opened the hearing on the **PARK CONSERVATION DISTRICT, PG. 76.**

Proponents' Testimony:

Greg Mills, DNRC, stated there are six projects remaining that will not receive funding. The Park Conservation District communicated that they could not attend.

CHAIRMAN MCCANN closed the hearing on the **PARK CONSERVATION DISTRICT, PG. 76.**

{Tape : 5; Side : A; Approx. Time Counter : 122}

CHAIRMAN MCCANN opened the hearing on the **DNRC SPATIAL DATA
CONVERSION-PRESERVATION OF MONTANA WATER INFORMATION, PG. 69.**

Proponents' Testimony:

Kathleen Richard, DNRC, reviewed the project and recommendation.

Jane Horton, DNRC, provided a two page handout consisting of a list of supporters and an updated budget estimates.

EXHIBIT(jlh18a06) She explained the importance of the project and presented a visual of the existing mylars that are used.

Holly Franz, water rights lawyer, discussed the importance of having the access to accurate surveys for water rights.

Opponents' Testimony: None.

Questions from Committee Members and Responses:

REP. KASTEN questioned if they have a backup plan and other funding sources. **Jane Horton** responded.

CHAIRMAN MCCANN closed the hearing on the **DNRC SPATIAL DATA
CONVERSION-PRESERVATION OF MONTANA WATER INFORMATION, PG. 69.**

{Tape : 5; Side : A; Approx. Time Counter : 342}

Greg Mills, stated that the last four projects had called stating they would not show up since they were not receiving funding.

CHAIRMAN MCCANN stated that the committee would take the time to read the projects and, if necessary, would address them during Executive Action. He thanked the department for their presentations.

The meeting was adjourned.

ADJOURNMENT

Adjournment: 11:55 A.M.

REP. MATT MCCANN, Chairman

ANDREA HYATT, Secretary

MM/AH

EXHIBIT (j1h18aad)